



Dan Melman and Mary Jane Molik

W.C. & A.N. Miller Realtors *A Long & Foster Co.*



July 2008

2nd Quarter 2008 Upper Bracket Real Estate Market Conditions

Political change this Fall will not have the local home yield as previous elections -- politician and lobbyist do not want to be seen buying big houses when constituents are losing their homes. Our real estate market has taken a beating with talk of recession, government involved in Wall Street rescue, Main Street bankruptcy reform and the pending bail outs of Fannie Mae, Freddie Mac and Indy Mac, but is much more robust than the national market. Upper Bracket purchasers might not feel the tightened credit environment, but their companies and portfolios certainly are affected. Whether through smart investments or strong foreign currency, well positioned purchasers have leverage, are shopping for bargains, and this is their market.

Washington, DC	Active listings (July 1, 2008)	Sold (6 months ended June 30, 2008)	Average Monthly sales	Months of inventory
Price range				
\$1.0M – \$1.5M	119	139	23.17	5.14
\$1.5M – \$2.0M	47	49	8.17	5.75
\$2.0M – \$3.0M	47	30	5.00	9.40
\$3.0M and above	39	21	3.50	11.14
Total	252	239	39.83	6.33

Montgomery County	Active listings (July 1, 2008)	Sold (6 months ended June 30, 2008)	Average Monthly sales	Months of inventory
Price range				
\$1.0M – \$1.5M	292	211	35.17	8.30
\$1.5M – \$2.0M	147	74	12.33	11.92
\$2.0M – \$3.0M	85	32	5.33	15.95
\$3.0M and above	47	12	2.00	23.50
Total	571	329	54.83	10.41

Northern Virginia	Active listings (July 1, 2008)	Sold (6 months ended June 30, 2008)	Average Monthly sales	Months of inventory
Price range				
\$1.0M – \$1.5M	532	245	40.83	13.03
\$1.5M – \$2.0M	227	70	11.67	19.45
\$2.0M – \$3.0M	144	30	5.00	28.80
\$3.0M and above	107	20	3.33	32.13
Total	1010	365	60.83	16.60

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Revised July 2008

2nd Quarter 2008 Upper Bracket Real Estate Market Conditions

As Realtors, we can discuss real estate as purely a component of a fiscal plan, or speak broadly of how real estate holdings can diversify your assets and leverage your capital – but we try never to lose sight of the fact that we are discussing your home. As such, buying or selling real estate often melds strong emotions with financial concerns. The points below are intended to frame the economic interests relevant to any purchase or sale.

- Homes priced \$1 million and above represent the top 5-9% of sales in each locality. The top 1% threshold is \$2.7M in the District; \$2.1M in Montgomery County and \$1.7M Northern Virginia.
- The District is faring best among the local jurisdictions, where over 24% of these higher priced homes still sell for full price or more. Bidding up from list price is more uncommon; in DC only 7 out of the 239 sales closed for more than 5% over final list price, indicating that competition between buyers for a home is increasingly unusual. The District supply is a balanced 6 months.
- The markets in Montgomery County and Northern Virginia are tilted strongly in favor of the buyer. With inventory levels quickly exceeding a year, these markets are still vibrant relative to the rest of the nation's top properties. In Montgomery County, only 1 in five properties sell for full price or more. In Northern Virginia this figure is one in six.
- On average, higher priced homes in the District that actually sold received a contract in 60 days. Similar homes that sold in Montgomery County and Northern Virginia took 68 days and 92 days. The affect of overpriced homes that fail to sell is not factored in these numbers. Proper pricing is still critical.
- Condos and coops accounted for 12% of recent million plus sales in the District. Condominiums represent less than 4% of recent million plus sales in Montgomery County and Northern Virginia.
- Bank-owned properties and short-sales are increasingly common in lower price points, but appear in the upper brackets as well. Recently, The District's Georgetown and Spring Valley neighborhoods have had foreclosure sales.
- This glut of properties available is likely understated as many homes are being quietly offered 'off the market' and additional luxury condos and coops are available as part of new construction projects that are not integrated into the multiple list.
- Political heavy hitters often shop for homes priced above \$1 million, but will be balancing any purchases against the perception (and reality) of a housing crisis back in their home jurisdiction. This will moderate any electoral impact on our market.

Dan and Mary Jane believe that the current balance between buyers and sellers will remain the same through 2010. We do not see overall prices dropping or markets collapsing. As such, for those whose plans involve a long hold time, this is certainly a great time to make a purchase.

We understand these real estate trends and how they affect buyers and sellers. This enables us to negotiate strongly on behalf of our clients. We tour properties every week to keep ourselves up-to-date on these price points. It is an essential aspect of what we do so we can inform our clients about the value and marketability of their purchases and sales. To discuss your real estate needs, please give us a call.

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April 2008

FLASH BACK

1st Quarter 2008 Upper Bracket Real Estate Market Conditions

The number of active properties has dropped from midyear 2007 levels, and the number of properties sold in previous six months is down dramatically, resulting in swelling in months of inventory. Worsening economic news and tightening of credit is affecting the overall market directly and has made purchasers more cautious.

Washington, DC	Active listings (April 1, 2008)	Sold (6 months ended March 31, 2008)	Average Monthly sales	Months of inventory
Price range				
\$1.0M – \$1.5M	93	130	21.67	4.29
\$1.5M – \$2.0M	49	43	7.17	6.83
\$2.0M – \$3.0M	61	27	4.50	13.56
\$3.0M and above	37	14	2.33	15.88
Total	240	214	35.67	6.73

Montgomery County	Active listings (April 1, 2008)	Sold (6 months ended March 31, 2008)	Average Monthly sales	Months of inventory
Price range				
\$1.0M – \$1.5M	258	154	25.67	10.05
\$1.5M – \$2.0M	131	58	9.67	13.55
\$2.0M – \$3.0M	97	34	5.67	17.11
\$3.0M and above	47	3	0.50	94.00
Total	533	249	41.50	12.84

Northern Virginia	Active listings (April 1, 2008)	Sold (6 months ended March 31, 2008)	Average Monthly sales	Months of inventory
Price range				
\$1.0M – \$1.5M	529	256	42.67	12.40
\$1.5M – \$2.0M	198	67	11.17	17.73
\$2.0M – \$3.0M	149	39	6.50	22.92
\$3.0M and above	108	16	2.67	40.45
Total	984	378	63.00	15.62



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January 2008

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1st Half 2007 Upper Bracket Real Estate Market Conditions

Sales and inventory are consistent with first half of 2006, clearly illustrating that the market peaked in activity in 2005 even though overall prices continued to climb. While at the time, this was viewed as a bottoming out, it was more of a plateau.

Washington, DC	Active listings (July 1, 2007)	Sold (6 months ended June 30, 2007)	Average Monthly sales	Months of inventory
Price range				
\$1.0M – \$1.5M	103	162	27.00	3.81
\$1.5M – \$2.0M	54	58	9.67	5.58
\$2.0M – \$3.0M	51	32	5.33	9.57
\$3.0M and above	42	24	4.00	10.50
Total	250	276	46.00	5.43

Montgomery County	Active listings (July 1, 2007)	Sold (6 months ended June 30, 2007)	Average Monthly sales	Months of inventory
Price range				
\$1.0M – \$1.5M	299	259	43.17	6.93
\$1.5M – \$2.0M	139	94	15.67	8.87
\$2.0M – \$3.0M	93	56	9.33	9.97
\$3.0M and above	43	18	3.00	14.33
Total	574	427	71.17	8.07

Northern Virginia	Active listings (July 1, 2007)	Sold (6 months ended June 30, 2007)	Average Monthly sales	Months of inventory
Price range				
\$1.0M – \$1.5M	604	433	72.17	8.37
\$1.5M – \$2.0M	242	115	19.17	12.62
\$2.0M – \$3.0M	157	45	7.50	20.93
\$3.0M and above	96	13	2.17	44.24
Total	1099	606	101.00	10.88



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Originally published in July 2006

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1st Half 2006 Upper Bracket Real Estate Market Conditions

Supply has swelled, and although sales remain strong, the months of inventory is nearly double from a year prior. Strong home appreciation (price creep) has brought more homes into the threshold of this report, but homes are moving more slowly. This was still a seller's market, but has begun to move into a more balanced position.

Washington, DC	Active listings (June 30, 2006)	Sold (6 months ended June 30, 2006)	Average Monthly sales	Months of inventory
Price range				
\$1.0M – \$1.5M	115	171	28.50	4.04
\$1.5M – \$2.0M	67	71	11.83	5.66
\$2.0M – \$3.0M	40	36	6.00	6.67
\$3.0M and above	45	20	3.33	13.50
Total	267	298	49.67	5.38

Montgomery County	Active listings (June 30, 2006)	Sold (6 months ended June 30, 2006)	Average Monthly sales	Months of inventory
Price range				
\$1.0M – \$1.5M	301	259	43.17	6.97
\$1.5M – \$2.0M	127	96	16.00	7.94
\$2.0M – \$3.0M	119	55	9.17	12.98
\$3.0M and above	46	14	2.33	19.74
Total	593	424	70.67	8.39

Northern Virginia	Active listings (June 30, 2006)	Sold (6 months ended June 30, 2006)	Average Monthly sales	Months of inventory
Price range				
\$1.0M – \$1.5M	670	415	69.17	9.69
\$1.5M – \$2.0M	246	91	15.17	16.22
\$2.0M – \$3.0M	134	55	9.17	14.61
\$3.0M and above	96	16	2.67	35.96
Total	1146	577	96.17	11.92



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Originally Published 2005

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1st Half 2005 Upper Bracket Real Estate Market Conditions

The supply of active listings in the first half of 2005 was as tight as we would see it. Sales were strong, and thus inventory in each of the jurisdictions was moving quickly. In hindsight, this was a high-water mark. Particularly given that \$1 million in 2005 bought a lot of house, and mortgage money was inexpensive – prices continued to climb from this time period, but the seller's market began to swing back.

Washington, DC Price range	Active listings (Aug 1, 2005)	Sold (6 months ended June 30, 2005)	Average Monthly sales	Months of inventory
\$1.0M – \$1.5M	61	216	36.00	1.69
\$1.5M – \$2.0M	53	77	12.83	4.13
\$2.0M – \$3.0M	30	39	6.50	4.62
\$3.0M and above	24	19	3.17	7.57
Total	168	351	58.50	2.87

Montgomery County Price range	Active listings (Aug 1, 2005)	Sold (6 months ended June 30, 2005)	Average Monthly sales	Months of inventory
\$1.0M – \$1.5M	143	280	46.67	3.06
\$1.5M – \$2.0M	76	96	16.00	4.75
\$2.0M – \$3.0M	57	37	6.17	9.24
\$3.0M and above	42	10	1.67	25.15
Total	318	423	70.50	4.51

Northern Virginia Price range	Active listings (Aug 1, 2005)	Sold (6 months ended June 30, 2005)	Average Monthly sales	Months of inventory
\$1.0M – \$1.5M	361	481	80.17	4.50
\$1.5M – \$2.0M	134	119	19.83	6.76
\$2.0M – \$3.0M	72	44	7.33	9.82
\$3.0M and above	65	26	4.33	15.00
Total	632	670	111.67	5.66